

Message Text

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21

ACTION EB-07

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LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 CIEP-01 FRB-03

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R 062125Z JUL 76

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC 8352

INFO AMEMBASSY BRIDGETOWN

AMEMBASSY BOGOTA

AMEMBASSY SAN JOSE

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EO 11652: N/A

TAGS: EAGR, ETRD, PN

SUBJECT: GEPLACEA SUGAR MEETING IN PANAMA

REF: A) PANAMA 3611 (NOTAL), (B) STATE 165902

1. GENERAL OMAR TORRIJOS OPENED THE FIFTH MEETING OF THE GROUP OF LATIN AMERICAN AND CARIBBEAN SUGAR EXPORTING COUNTRIES (GEPLACEA) IN PANAMA CITY WITH A CALL FOR THE PARTICIPANTS TO "ARRIVE AT A UNITED POSITION ON MARKETING AS THE ONLY MEANS OF OBTAINING HIGHER PRICES IN THE WORLD MARKET." TORRIJOS OBSERVED THAT "SUGAR-PRODUCING COUNTRIES ARE VICTIMIZED BY WIDE FLUCTUATIONS IN THE WORLD MARKET; OFTEN RECEIVING LESS THAN THEIR ACTUAL COST OF PRODUCTION. THIS SITUATION WILL BE CHANGED ONLY WHEN A CONSENSUAL POSITION IS ACHIEVED THAT PERMITS THE PRODUCING COUNTRIES TO PASS ON INFLATION-INDUCED INCREASES IN PRODUCTION COSTS TO THE CONSUMER COUNTRIES INSTEAD OF THE WORKING MASSES. OTHERWISE, THE AGRO-INDUSTRY THAT MARKETS THE CANE AND TRANSFORMS IT INTO SUGAR WILL CONTINUE AS AN ACTIVITY THAT GENERATES INEQUALITY AND UNDEREMPLOYMENT." "FINALLY", ACCORDING TO TORRIJOS, "FLUCTUATIONS IN THE WORLD MARKET ALSO TEND TO CREATE AN ATMOSPHERE THAT DIS-

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COURAGES INVESTMENT IN SUGAR PRODUCTION, AN ATMOSPHERE

THAT COULD ULTIMATELY LEAD TO SHORTAGES FOR THE CONSUMER COUNTRIES".

2. VALERY MCCOMIE OF BARBADOS, ON BEHALF OF THE ANGLOPHONE CARIBBEAN COUNTRIES, THANKED GENERAL TORRIJOS FOR HIS OPENING REMARKS AND REITERATED HIS SUPPORT FOR "A REAL AND EFFECTIVE UNION AS AN ADEQUATE MEANS OF OBTAINING BETTER TREATMENT IN THE WORLD MARKET." MCCOMIE ALSO REFERRED TO THE SUPPORT OF THE CARIBBEAN COUNTRIES, BARBADOS AND JAMAICA IN PARTICULAR, FOR THE PANAMANIAN CAUSE, AVERRING THAT THIS WAS NOT MERELY THEORETICAL SUPPORT, SINCE THEY HAD HELPED BUILD THE CANAL AND THEREFORE FELT AN INTEREST IN THE SITUATION. THE REPRESENTATIVE OF THE ASOCIACION DE CULTIVADORES DE CANA DE AZUCAR (ASOCANA) OF COLOMBIA, RODRIGO ESCOBAR, CITED THE COINCIDENCE OF THE GEPLACEA MEETING WITH THE RECENTLY-COMPLETED AMPHYCTIONIC CONFERENCE AS AN EXAMPLE OF INTER-AMERICAN COOPERATION, AND THANKED GENERAL TORRIJOS, ON BEHALF OF ALL THE DELEGATES, FOR PANAMA'S HOSPITALITY.

3. THE GEPLACEA SESSIONS HERE ARE CLOSED TO THE PUBLIC. EFFORTS WILL REPORTEDLY BE MADE TO FILL IN THE DETAILS OF THE GENERAL STATUTES AGREED UPON AT THE MARCH MEETINGS IN CALI-- THE CONSIDERATION OF PRICE AND MARKETING POLICY PROPOSALS DRAFTED BY WORKING COMMITTEES IS LIKELY TO EXACERBATE THE VISIBLE DIVISION IN MEMBERSHIP BETWEEN ADVOCATES OF A CARTEL-LIKE ORGANIZATION ALONG THE LINES OF OPEC, LED BY CUBA AND MEXICO, AND SUPPORTERS OF AN INFORMATION AND COORDINATION ROLE FOR THE ORGANIZATION. THE RECENT SHOCKWAVES IN THE WORLD SUGAR MARKET CREATED BY THE PHILIPPINE-US LONG-TERM SUGAR SUPPLY AGREEMENTS AND THE SALE OF THE DOMINICAN REPUBLIC'S SUGAR CROP HAVE VIVIDLY ILLUSTRATED FOR PRODUCING COUNTRIES THE PITFALLS INHERENT IN AN UNSTRUCTURED COMMODITY MARKET. THE RESULTS OF THE GEPLACEA MEETING IN PANAMA MAY PROVIDE AN INSIGHT INTO THE ABILITY OF THE SUGAR-PRODUCING COUNTRIES TO RESIST THE TEMPTATION TO CONCLUDE BILATERAL MARKETING ARRANGEMENTS AS A MEANS OF INSURANCE AGAINST THE UNCERTAINTIES OF THE WORLD MARKET.

4. EMBASSY WILL PROVIDE A LIST OF DELEGATES AND FINAL ASSESSMENT OF THE MEETING BASED ON ITS CLOSING STATEMENT AND OTHER LIMITED OFFICIAL USE

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INFORMATION OBTAINED FROM SOURCES IN THE LOCAL SUGAR INDUSTRY. THE NEXT MEETING OF GEPLACEA IS REPORTEDLY SCHEDULED FOR APRIL 1977 IN GENEVA.

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